

SERFF Tracking Number:	PNMU-126654004	State:	Arkansas
Filing Company:	Penn Insurance and Annuity Company	State Tracking Number:	46019
Company Tracking Number:	PIA - CHRONIC ILLNESS RIDER		
TOI:	L08 Life - Other	Sub-TOI:	L08.000 Life - Other
Product Name:	PIA - Chronic Illness Rider		
Project Name/Number:	PIA - Chronic Illness Rider/PIA - Chronic Illness Rider		

## Filing at a Glance

Company: Penn Insurance and Annuity Company

Product Name: PIA - Chronic Illness Rider

TOI: L08 Life - Other

Sub-TOI: L08.000 Life - Other

Filing Type: Form

SERFF Tr Num: PNMU-126654004 State: Arkansas

SERFF Status: Closed-Approved-  
Closed

Co Tr Num: PIA - CHRONIC  
ILLNESS RIDER

Authors: Nancy Yannuzzi, Rita  
Bellew

Date Submitted: 06/22/2010

State Tr Num: 46019

State Status: Approved-Closed

Reviewer(s): Linda Bird

Disposition Date: 06/23/2010

Disposition Status: Approved-  
Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

## General Information

Project Name: PIA - Chronic Illness Rider

Project Number: PIA - Chronic Illness Rider

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 06/23/2010

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Individual

Group Market Size:

Group Market Type:

Explanation for Other Group Market Type:

State Status Changed: 06/23/2010

Created By: Rita Bellew

Corresponding Filing Tracking Number: PIA -  
Chronic Illness Rider

Deemer Date:

Submitted By: Rita Bellew

Filing Description:

The Penn Insurance and Annuity Company is submitting the following form for your review and approval:

Form / Title

PI ABCI-10(30) / Rider - Accelerated Benefit – Chronic Illness

<i>SERFF Tracking Number:</i>	<i>PNMU-126654004</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Penn Insurance and Annuity Company</i>	<i>State Tracking Number:</i>	<i>46019</i>
<i>Company Tracking Number:</i>	<i>PIA - CHRONIC ILLNESS RIDER</i>		
<i>TOI:</i>	<i>L08 Life - Other</i>	<i>Sub-TOI:</i>	<i>L08.000 Life - Other</i>
<i>Product Name:</i>	<i>PIA - Chronic Illness Rider</i>		
<i>Project Name/Number:</i>	<i>PIA - Chronic Illness Rider/PIA - Chronic Illness Rider</i>		

This rider will provide for a prepayment to the Owner for a portion of the death benefit when the Insured has been certified with a Chronic Illness, subject to the provisions of the Policy and this Rider.

Upon approval by your department this rider will be used with the approved policy forms as indicated below, as well as with other individual life insurance products that will be approved in the future by your department.

#### Form / Title

IFL-07(S) / Flexible Premium Adjustable  
Indexed Life Insurance Policy

IFL-07(U) / Flexible Premium Adjustable  
Indexed Life Insurance Policy

IALJ-08(S) / Last Survivor Flexible Premium  
Adjustable Life Insurance Policy

IALJ-08(U) / Last Survivor Flexible Premium  
Adjustable Life Insurance Policy

## Company and Contact

#### Filing Contact Information

Rita Bellew, State Filing Coordinator	bellew.rita@pennmutual.com
VIM C3G	215-956-8290 [Phone]
Philadelphia, PA 19172	215-956-8145 [FAX]

#### Filing Company Information

Penn Insurance and Annuity Company	CoCode: 93262	State of Domicile: Delaware
VIM C3G	Group Code: 850	Company Type: Life and Annuity
Philadelphia, PA 19172	Group Name: Penn Mutual Life Ins. State ID Number:	
	Co.	
(215) 956-8893 ext. [Phone]	FEIN Number: 23-2142731	

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## Filing Fees

<i>SERFF Tracking Number:</i>	<i>PNMU-126654004</i>	<i>State:</i>	<i>Arkansas</i>
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<b>Fee Required?</b>	<b>Yes</b>
<b>Fee Amount:</b>	<b>\$50.00</b>
<b>Retaliatory?</b>	<b>No</b>
<b>Fee Explanation:</b>	<b>50.00 per form.</b>
<b>Per Company:</b>	<b>No</b>

<b>COMPANY</b>	<b>AMOUNT</b>	<b>DATE PROCESSED</b>	<b>TRANSACTION #</b>
Penn Insurance and Annuity Company	\$50.00	06/22/2010	37406435

SERFF Tracking Number:	PNMU-126654004	State:	Arkansas
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Linda Bird	06/23/2010	06/23/2010

<i>SERFF Tracking Number:</i>	<i>PNMU-126654004</i>	<i>State:</i>	<i>Arkansas</i>
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## Disposition

Disposition Date: 06/23/2010

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Application		Yes
Supporting Document	Act Memo		No
Form	Rider-Accelerated Benefit-Chronic Illness		Yes

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## Form Schedule

### Lead Form Number: PI ABCI-10(30)

Schedule Item Status	Form Number	Form Type Form Name	Action	Action Specific Data	Readability	Attachment
	PI ABCI-10(30)	Policy/Cont Rider-Accelerated ract/Fratern Benefit-Chronic al Illness Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		50.200	PI_ABCI-10- Chronic_ill_P A,acc=0,ill=30 .pdf

# Rider - Accelerated Benefit - Chronic Illness

The Company agrees, subject to the provisions of the Policy and this rider, to provide the Accelerated Benefit Payments described below. The Company also agrees to provide all of the other benefits which are stated in this rider.

This rider is a part of the Policy to which it is attached. It is subject to all of the provisions of the Policy unless stated otherwise in this rider.

**Disclosure** - Upon request by the Owner, the Company will provide prepayment to the Owner a portion of the death benefit when the Insured has been certified with a Chronic Illness as described below. **Accelerated Benefit Payments may affect eligibility for, or amounts of, other benefits provided by federal, state, or local government. Although payments of Accelerated Benefits provided by this rider are intended to qualify for favorable tax treatment under section 101(g) of the Federal Internal Revenue Code, the federal, state, or local tax consequences resulting from payment of Accelerated Benefits will depend on the specific facts and circumstances, and consequently advice and guidance should be obtained from a personal tax advisor prior to the receipt of any Accelerated Benefit Payments. Death benefits and policy values will be reduced as described below if an Accelerated Benefit is paid.**

**Free Look Period** - The Owner may return Accelerated Benefit payments to the company within 30 days of receipt of payment. The Company will then void the prepayment of that portion of the death benefit.

**Insured** - The person covered under the basic Policy to which this rider is attached. This term does not include other persons covered under other riders which are part of the Policy. If the Policy is a Last Survivor Policy with two persons listed as the insureds, this term refers to the surviving insured after the death of one insured. The Accelerated Benefit is not available if both insured persons are living.

**Eligible Amount** - The Eligible Amount is the Amount of Death Benefit, as described in the Policy, on the date of the initial request for an Accelerated Benefit Payment. This amount excludes all supplemental riders attached to the Policy except for the Supplemental Term Insurance Agreement.

**Accelerated Benefit Payment** - If eligible, this is the actual benefit amount that the Owner will receive upon request under this rider. The Owner may request the payment of the Accelerated Benefit Payment in a single lump sum or in a series of equal payments occurring annually, semi-annually, quarterly, or monthly. The series of benefit payments will continue as scheduled, as long as evidence is received every 12 months as described below, until the remaining death benefit reaches the minimum allowed by the Company or the rider is terminated. No more than 12 Accelerated Benefit Payments will be paid in a 12 month period.

The Accelerated Benefit Payment must first be used to repay a pro rata share of any outstanding indebtedness as described below.

If the Insured dies and the Company receives written notice of the death at the Company before Accelerated Benefits are paid, no Accelerated Benefit Payments will be made. However, any payment made by the Company prior to receiving written notice of the Insured's death at the Company is effective.

The Company will limit the Accelerated Benefit Payment such that:

- (1) The Policy is not disqualified as life insurance according to Internal Revenue Code;
- (2) The Accelerated Benefit Payment is at least [\$4,800] if taken as a single lump sum, or the sum of scheduled payments for the 12 month period following the election date is at least [\$4,800] if taken as a series of payments;



## Rider - Accelerated Benefit - Chronic Illness (continued)

- (3) The maximum total amount of Accelerated Benefit Payments in a 12 month period, for all policies or riders under which the Insured is covered with the Company, will not exceed the least of [24%] of the Eligible Amount, [\$240,000], or the annual Per Diem Limitation declared each year by the Internal Revenue Service. The Per Diem Limitation further requires that the total aggregated benefits being received from all coverages do not exceed the IRS annual Per Diem amount, including benefits received from coverages not with the Company;
- (4) The maximum total amount of Accelerated Benefit Payments during the life of the Insured, for all policies or riders under which the Insured is covered with the Company, will not exceed [\$5,000,000]; and
- (5) The death benefit remaining after an Accelerated Benefit Payment is not less than [\$50,000].

**Covered Chronic Illness** - Chronic Illness means that the Insured has been certified by a licensed health care practitioner within the last 12 months as:

- (1) Being unable to perform at least two Activities of Daily Living without Substantial Assistance from another person due to a loss of functional capacity for a period of at least 90 consecutive days; or
- (2) Requiring substantial supervision by another person for a period of at least 90 consecutive days to protect the Insured from threats to health and safety due to severe Cognitive Impairment.

For each lump sum benefit payment, or at the beginning of each 12 month period following the election date if benefit payments are scheduled in a series, the Company must receive written certification from a licensed health care practitioner that the Insured has a Chronic Illness. The licensed health care practitioner may be a licensed physician, registered professional nurse, licensed social worker, or other similar health care practitioner approved by the Company. The licensed health care practitioner shall not be the Insured, Owner, Beneficiary, or a relative thereof. The Company reserves the right to obtain at any time an additional opinion of the Insured's condition from a licensed health care practitioner at the Company's expense. Should this opinion differ from that of the Insured's licensed health care practitioner, eligibility for benefits will be determined by a third licensed health care practitioner who is mutually acceptable to the Owner and the Company.

**Activities of Daily Living** - The Activities of Daily Living are:

- (1) Bathing - the ability to wash oneself by sponge bath or in either a tub or shower, including the task of getting into or out of the tub or shower.
- (2) Continence - the ability to maintain control of bowel or bladder function, or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene, including caring for a catheter or colostomy bag.
- (3) Dressing - the ability to put on and take off all items of clothing and any necessary braces, fasteners or artificial limbs.
- (4) Eating - the ability to feed oneself by getting food into the body from a receptacle, such as a plate, cup, or table, or by feeding tube or intravenously.
- (5) Toileting - the ability to get to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- (6) Transferring - the ability to move into or out of a bed, chair or wheelchair.

## Rider - Accelerated Benefit - Chronic Illness (continued)

**Substantial Assistance** - Substantial Assistance means both Hands-On Assistance and Standby Assistance. Hands-On Assistance means the physical assistance of another person without which the individual would be unable to perform the Activity of Daily Living. Stand-By Assistance means the presence of another person within arm's reach of the individual that is necessary to prevent, by physical intervention, injury to the individual while the individual is performing the Activity of Daily Living.

**Cognitive Impairment** - Cognitive Impairment means deterioration or loss in intellectual capacity that is:

- (1) Comparable to (and includes) Alzheimer's Disease and similar forms of irreversible dementia; and
- (2) Measured by clinical evidence and standardized tests which reliably measure impairment in:
  - (a) Short term or long term memory; or
  - (b) Orientation to people, places, or time; or
  - (c) Deductive or abstract reasoning; or
  - (d) Judgment as it relates to safety awareness.

**Effect on Specified Amount** - The Specified Amount will be subject to a reduction based on the amount of the Accelerated Benefit Payment. The following factors will be used to determine the decrease in the Specified Amount:

- (1) The Accelerated Benefit Payment; and
- (2) Future Monthly Deductions; and
- (3) The Accelerated Benefit Interest Rate in effect; and
- (4) A mortality table declared by the Company for individuals with a Chronic Illness.

**Accelerated Benefit Interest Rate** - The Accelerated Benefit Interest Rate will not exceed the greater of the current yield on the ninety-day Treasury bill or the current maximum statutory adjustable policy loan interest rate. The maximum statutory adjustable policy loan interest rate is the greater of:

- (a) Moody's Corporate Bond Yield Average - Monthly Average Corporates as published by Moody's Investors Service, Inc. for the calendar month ending two months prior to the date as of which the loan interest rate is determined; or
- (b) The minimum interest rate used to calculate policy values under the Policy plus 1 percentage point per year.

If Moody's Corporate Bond Yield Average - Monthly Average Corporates is no longer published, the rate used in its place will be as established by law or by regulation of the insurance supervisory official of the jurisdiction in which this policy is issued.

**Specified Amount** - The term Specified Amount as used in this rider refers to the Specified Amount shown on page 3 of the Policy. The Specified Amount includes any subsequent changes in the amount since the policy was issued.

**Effect on Policy Values** - The Policy will be subject to pro-rata reductions based on the percentage decrease in the Specified Amount. These pro rata reductions will be made to the policy value, cash surrender value, surrender charge, and monthly deductions (except for the per policy expense charge). The remaining portions of the policy values will be as if the Policy had been originally issued at the reduced amount.

## Rider - Accelerated Benefit - Chronic Illness (continued)

The Accelerated Benefit Payment must first be used to repay a pro rata share of any outstanding indebtedness. Therefore a pro rata reduction will also be made to the outstanding indebtedness.

For a Policy with a No Lapse Guarantee Requirement based on Accumulated Premiums exceeding Accumulated No Lapse Premiums, both the Accumulated Premiums and Accumulated No Lapse Premiums to date will be reduced by the percentage of the Specified Amount decreased.

For a Policy with a No Lapse Guarantee Requirement based on a No Lapse Guarantee Account, the No Lapse Guarantee Account value will be reduced by the percentage of the Specified Amount decreased.

**Premium** - There is no separate premium required for this benefit. However, this rider does not eliminate the need to pay premiums to keep the Policy in force. The Owner must continue to pay any premiums necessary to avoid policy lapse as described in the Policy or in any applicable riders attached to the Policy.

**Values** - This benefit has no cash value or loan value.

**Eligibility** - In order to receive this benefit, the following conditions must be satisfied:

- (1) This benefit is only available to the Owner of this Policy upon written request.
- (2) Requests to exercise this benefit must be received in writing at the Home Office of the Company.
- (3) For each lump sum benefit payment or at the beginning of each 12 month period following the election date if benefit payments are scheduled in a series, the Company must receive written certification that the Insured has a Chronic Illness as described in this rider.
- (4) The benefit excludes any riders that may be attached to the Policy except for the Supplemental Term Insurance Agreement.
- (5) The benefits provided by this rider shall be effective for accidents on the effective date of the policy, or rider. The benefits provided by this rider shall be effective for Chronic Illness no more than (30) days following the effective date of the policy or rider.
- (6) The Policy must not be in a premium grace period.
- (7) If the Policy is a Last Survivor Policy, the Company must receive written proof of the death of one insured.
- (8) The Insured's attained age is 20 or older.
- (9) The Company must receive signed acknowledgment of concurrence with payments from the Owner, Insured, all assignees, and all irrevocable beneficiaries.
- (10) This benefit is not available if the law requires the benefit to meet the claims of creditors, whether in bankruptcy or otherwise; or a government agency requires the benefit in order to apply for, obtain, or keep a government benefit or entitlement.

**Monthly Anniversary** - The Monthly Anniversary is the day in each calendar month that is the same day of the month as the Policy Date.

**Incontestability** - This rider will be incontestable after it has been in force during the life of the Insured for two years from its Effective Date. During the first two years this rider is in effect, the Company may contest a request for an Accelerated Benefit Payment under this rider, based on material misrepresentations made in applying for this rider.

## Rider - Accelerated Benefit - Chronic Illness (continued)

This Policy will be incontestable with respect to statements made in an application for reinstatement after it has been in force during the life of the Insured for two years from the effective date of the reinstatement.

**Termination of Rider** - This rider will terminate upon:

- (a) the maturity date of this Policy; or
- (b) lapse of this Policy; or
- (c) surrender of this Policy; or
- (d) the date of death of the Insured; or
- (e) the Monthly Anniversary which coincides with or next follows (i) receipt by the Company of a written request to terminate this rider, and (ii) return of this Policy for appropriate endorsement.

**Effective Date** - The effective date of this rider is the same as the Date of Issue of this Policy unless another effective date is shown below.

[Effective Date June 1, 2010]

The Penn Insurance and Annuity Company

A handwritten signature in black ink, reading "Eileen C. McDonnell", enclosed within a red rectangular box.

President

SERFF Tracking Number:	PNMU-126654004	State:	Arkansas
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## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Satisfied - Item:</b>	Flesch Certification	
<b>Comments:</b>		
<b>Attachment:</b>		
Flesch Cert.pdf		


	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Satisfied - Item:</b>	Application	
<b>Comments:</b>		
Application form# PM1143 version 10/08 was approved on 1-29-09.		

**The Penn Insurance and Annuity Company**

**CERTIFICATION**

"This is to certify that the form listed below is in compliance with the requirements of Ark. Stat. Ann. 66-3251 through 66-3258, cited as the Life and Disability Insurance Policy Language Simplification Act."

<u>Form No.</u>	<u>Title</u>	<u>Flesch Score</u>
PI ABCI-10	Rider-Accelerated Benefit-Chronic Illness	50.2

  
\_\_\_\_\_  
Kirsten Pedersen, FSA, MAAA  
Vice President, Product Management

June 18, 2010